

**STATEMENT OF  
CHRISTOPHER J. McCABE  
SECRETARY  
DEPARTMENT OF HUMAN RESOURCES  
BEFORE THE  
HOUSE APPROPRIATIONS COMMITTEE  
HEALTH AND HUMAN RESOURCES SUBCOMMITTEE**

**FY 2005 BUDGET  
FAMILY INVESTMENT ADMINISTRATION**

**FEBRUARY 25, 2004**

GOOD AFTERNOON, CHAIRMAN MITCHELL AND MEMBERS OF THE COMMITTEE. I AM CHRISTOPHER McCABE, SECRETARY OF THE DEPARTMENT OF HUMAN RESOURCES. I AM PLEASED TO BE HERE TODAY AND THANK YOU FOR THE OPPORTUNITY TO DISCUSS THE BUDGET OF THE FAMILY INVESTMENT ADMINISTRATION FOR FY 2005.

BEFORE WE BEGIN, I WOULD LIKE TO INTRODUCE THOSE WHO ARE WITH ME TODAY.

- ELIZABETH SEALE, DEPUTY SECRETARY FOR THE DEPARTMENT, HAS AN IMPRESSIVE BACKGROUND IN SOCIAL SERVICES WHERE SHE WORKED FOR THEN GOVERNOR BUSH IN TEXAS AND MOST RECENTLY AT THE FEDERAL DEPARTMENT OF HEALTH AND HUMAN SERVICES.
- KEVIN McGUIRE, EXECUTIVE DIRECTOR OF THE FAMILY INVESTMENT ADMINISTRATION, COMES TO MARYLAND AFTER A SUCCESSFUL CAREER IN WELFARE REFORM IN NEW YORK CITY WHERE HE SPEARHEADED MAYOR GULIANI'S WELFARE PROGRAMS IN THE BRONX.
- HENRY NICHOLS, CHIEF FINANCIAL OFFICER, HAS YEARS OF EXPERIENCE IN THE PRIVATE SECTOR'S BANKING INDUSTRY. HE IS STILL RELATIVELY NEW TO THE DEPARTMENT, BUT INDEED A WELCOME ADDITION TO OUR EXECUTIVE MANAGEMENT TEAM.
- NICHOLAS RICCIUTI, DIRECTOR OF THE CECIL COUNTY DEPARTMENT OF SOCIAL SERVICES, HAS BEEN THE DIRECTOR IN CECIL COUNTY FOR A NUMBER OF YEARS, AND I AM GLAD THAT HE IS THERE WITH HIS BREADTH OF EXPERIENCE AND KNOWLEDGE.

- ALSO WITH US TODAY IN THE AUDIENCE IS ANOTHER VETERAN OF THE DEPARTMENT -- MS. KARYN LYNCH, DIRECTOR OF THE PRINCE GEORGE'S COUNTY DEPARTMENT OF SOCIAL SERVICES.

I AM PRIVILEGED TO BE ASSOCIATED WITH THIS REMARKABLE GROUP OF SKILLED AND DEDICATED EXPERTS WHO WILL PRESENT THE DETAILS OF THIS BUDGET AND RESPOND TO YOUR SPECIFIC QUESTIONS AND COMMENTS.

I AM PROUD TO REPORT THAT MARYLAND HAS NOT BEEN A PART OF THE NATIONWIDE TREND OF WELFARE CASELOAD INCREASES. IN A 2003 STUDY, 31 STATES REPORTED CASELOAD INCREASES WHILE ONLY 17 HAD DECREASES. MARYLAND WAS ONE OF THE FEW FORTUNATE STATES WITH A DECREASE THAT RANKED OUR STATE IN 14<sup>TH</sup> POSITION NATIONALLY.

HOWEVER, IT IS NOT ENOUGH SIMPLY TO MOVE FAMILIES OFF CASH ASSISTANCE. WE HAVE WORKED CLOSELY WITH THE UNIVERSITY OF MARYLAND SCHOOL OF SOCIAL WORK TO LOOK AT THOSE WHO LEFT WELFARE AND TO SEE HOW THEY HAVE FARED. THIS NATIONALLY RECOGNIZED RESEARCH HAS SHOWN THAT PEOPLE WHO LEAVE WELFARE ARE EMPLOYED, KEEP THEIR JOBS, AND EXPERIENCE INCREASED EARNINGS. THE MAJORITY OF PEOPLE DO NOT RETURN TO WELFARE.

THE FAMILY INVESTMENT ADMINISTRATION (FIA) HAS CONTINUED TO ACCOMPLISH ITS PRIMARY MISSION OF HELPING FAMILIES IN SPITE OF SHRINKING RESOURCES BROUGHT ON BY THE STATE'S FISCAL SITUATION. I HAVE BEEN IMPRESSED BY THE HARD WORK AND DEDICATION SHOWN BY

THE FIA STAFF, AS WELL AS THE LOCAL DEPARTMENT CASEWORKERS THAT CARRY OUT THE FAMILY INVESTMENT PROGRAMS.

AT THIS TIME LAST YEAR, I REPORTED TO THIS COMMITTEE THAT RE-AUTHORIZATION OF TEMPORARY ASSISTANCE TO NEEDY FAMILIES (TANF) WAS HELD UP IN CONGRESS. UNFORTUNATELY, THIS SITUATION HAS NOT CHANGED. FIA STAFF HAVE CLOSELY FOLLOWED THE TANF REAUTHORIZATION DEBATE AND CAREFULLY SCRUTINIZED ALL OF THE CONGRESSIONAL PROPOSALS. THERE IS A GOOD DEAL OF AGREEMENT IN CONGRESS ON MANY ISSUES, AND IT IS WIDELY HELD THAT A FINAL TANF REAUTHORIZATION BILL WILL BRING ABOUT A RENEWAL OF POLICY EMPHASIS ON ENGAGING WELFARE CLIENTS IN WORK OR OTHER SELF-SUFFICIENCY ACTIVITIES. WITH THIS COMMON POLICY AGREEMENT TO GUIDE US, THE DEPARTMENT IS GEARING UP TO ADAPT OUR STATE'S WELFARE PLAN.

AS MR. McGUIRE WILL ELABORATE, MARYLAND IS IN THE FOREFRONT OF STATES WITH INNOVATIVE AND SUCCESSFUL HUMAN SERVICE PROGRAMS. HE WILL ALSO ELABORATE ON OUR PROACTIVE APPROACH THAT IS UNDERWAY PENDING TANF REAUTHORIZATION.

IN CONCLUSION, I WOULD LIKE ONCE AGAIN TO THANK THE COMMITTEE. WITH YOUR SUPPORT OF THE FIA BUDGET BEFORE YOU, WE WILL BE ABLE TO CONTINUE TO PRODUCE IMPRESSIVE OUTCOMES WHILE MOVING FORWARD TO BETTER SERVE THOSE MARYLANDERS WHO STILL NEED OUR HELP. THANK YOU.

GOOD AFTERNOON. I AM KEVIN McGUIRE, THE EXECUTIVE DIRECTOR OF THE FAMILY INVESTMENT ADMINISTRATION (FIA) AT THE DEPARTMENT OF HUMAN RESOURCES (DHR). I AM HERE TO SHARE WITH YOU OUR MISSION TO ENGAGE AND STRENGTHEN COMMUNITIES AND FAMILIES THROUGH SERVICE, INNOVATION AND REENGINEERING. THANKS TO THE POLICYMAKING LEADERSHIP OF THE JOINT COMMITTEE ON WELFARE REFORM AND THE SUPPORT OF THE LEGISLATURE, WHICH HAS GIVEN THE DEPARTMENT UNPRECEDENTED FLEXIBILITY TO ACCOMPLISH OUR MUTUAL GOALS, MARYLAND IS IN THE FOREFRONT OF STATES WITH SUCCESSFUL WELFARE REFORM PROGRAMS. LET ME SUMMARIZE OUR MISSION, ACCOMPLISHMENTS, AND OPPORTUNITIES.

### **VISION, MISSION AND PURPOSE**

◆ THE FAMILY INVESTMENT ADMINISTRATION ENVISIONS A MARYLAND WHERE EVERYONE WORKS, FAMILIES ARE STRONG, CHILDREN ARE PROPERLY CARED FOR AND PARTNERSHIPS ARE FOSTERED AND ENCOURAGED.

◆ AS THE FAMILY INVESTMENT ADMINISTRATION REVIEWS OUR ACCOMPLISHMENTS, SHARPENS OUR FOCUS AND BROADENS OUR REACH TO MEET THE NEEDS OF THE CITIZENS OF MARYLAND, WE REMAIN UNITED IN OUR MISSION:

- TO PROVIDE A SAFETY NET FOR VULNERABLE CHILDREN AND ADULTS;
- TO ASSIST RECIPIENTS TO ACHIEVE SELF-SUFFICIENCY; AND
- TO PROVIDE THE LOCAL DEPARTMENTS OF SOCIAL SERVICES WITH THE NECESSARY TOOLS AND RESOURCES TO HELP LOW-INCOME MARYLANDERS IN NEED.

◆ TO THESE ENDS WE ARE REALIZING OUR MISSION BY DEVELOPING AND IMPLEMENTING PROGRAMS AND FORMING ALLIANCES THAT PROVIDE AN ECONOMIC SAFETY NET FOR MARYLAND'S MOST VULNERABLE CITIZENS AND HELP THE REST MOVE TOWARD INDEPENDENCE.

◆ THE FIVE PILLARS OF THE EHRLICH/STEELE ADMINISTRATION CONSTITUTE THE GUIDING PRINCIPLES BEHIND OUR PURPOSE OF STRENGTHENING THE WELL BEING OF CHILDREN AND PROMOTING INDEPENDENCE AND SELF SUFFICIENCY FOR FAMILIES.

- FISCAL RESPONSIBILITY, SINCE WE HAVE BEEN ENTRUSTED TO BE LOYAL STEWARDS OF MARYLAND'S TAX DOLLARS.
- EDUCATION, SINCE OUR CUSTOMERS MUST HAVE THE KNOWLEDGE AND SKILLS TO GET AND KEEP A JOB;
- PUBLIC SAFETY, SINCE PHYSICAL SAFETY AND SECURITY IS A BASIC NEED OF FAMILY WELL-BEING;
- HEALTH AND THE ENVIRONMENT, SINCE ALL MARYLANDERS ARE ENTITLED TO ACCESS TO DECENT HEALTH CARE AND A SAFE PLACE TO LIVE; AND
- COMMERCE, SINCE A VIBRANT ECONOMY PROVIDES JOBS FOR OUR CUSTOMERS AND ENABLES FAMILIES TO ACHIEVE INDEPENDENCE.

**WE ARE ACCOMPLISHING OUR PRIMARY GOAL OF PROMOTING WORK AND PERSONAL RESPONSIBILITY TO MOVE FAMILIES TO INDEPENDENCE.**

◆ WE SUCCESSFULLY MOVED PEOPLE FROM WELFARE TO WORK.

- OUR TCA CASELOAD HAS CONTINUED ITS DOWNWARD TREND UNLIKE 31

OTHER STATES THAT HAVE EXPERIENCED CASELOAD INCREASES. THE AVERAGE MONTHLY TCA CASELOAD DECLINED BY 1.4% IN SFY 2003 RANKING OUR STATE IN 14<sup>TH</sup> POSITION NATIONALLY.

- OUR STATE'S WELFARE CASELOAD, WHICH EXHIBITED RAPID DECLINES IN THE EARLY YEARS OF WELFARE REFORM, HAS RECENTLY EXPERIENCED MONTH TO MONTH FLUCTUATIONS BUT STILL CONTINUES AN OVERALL DOWNWARD TREND.
- IN ANY EVENT, MARYLAND'S TCA CASELOAD IS STILL DOWN DRAMATICALLY SINCE THE ADVENT OF WELFARE REFORM. FROM JANUARY 1995 TO JANUARY 2004, OUR MONTHLY CASELOAD HAS GONE FROM 227,887 INDIVIDUALS TO 69,631 – A DECLINE OF 158,256 INDIVIDUALS OR 69.4%.

◆ **EMPIRICAL EVIDENCE HAS SHOWN THAT WORK IS BETTER THAN WELFARE!**

- WE PLACED MORE THAN 7,000 CLIENTS IN JOBS IN FFY 2003 AT AN AVERAGE HOURLY WAGE OF \$7.78. OTHER POSITIVE TRENDS FOR THOSE WHO HAVE EXITED WELFARE INCLUDE:
  - FORMER TCA CLIENTS EXCEEDED THE MFR PERFORMANCE MEASURES TARGET RATES BY ACHIEVING A 44% EARNINGS GAIN RATE (40% TARGET RATE), AND
  - A 74% JOB RETENTION RATE (70% TARGET RATE).
- ONGOING RESEARCH BY THE UNIVERSITY OF MARYLAND SCHOOL OF SOCIAL WORK CONFIRMS THAT THOSE WHO HAVE LEFT TCA ARE BETTER OFF FINANCIALLY. OVER HALF OF THOSE WHO EXITED ARE WORKING IN

JOBS COVERED BY MARYLAND UNEMPLOYMENT INSURANCE. DURING THE FIRST QUARTER AFTER THEY LEFT TCA, AVERAGE QUARTERLY EARNINGS WERE \$2,532. AFTERWARDS, EARNINGS TREND UPWARD, AVERAGING \$4,508 BY THE 24<sup>TH</sup> POST-EXIT QUARTER OF WORK.

◆ **WE HAVE MET THE GOALS OF FEDERAL WELFARE REFORM.** THE UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) NOTIFIED US THAT WE MET THE WORK PARTICIPATION RATE REQUIREMENT FOR FFY 2002. ADDITIONALLY:

- OUR LOCAL DEPARTMENTS REPORT THAT NEARLY ALL (99%) OF THE FAMILIES WHO RECEIVED CASH ASSISTANCE FOR 24 MONTHS OR MORE ARE IN STATE DEFINED WORK ACTIVITIES, MEETING THAT REQUIREMENT.
- FINALLY, WE MET OUR PERFORMANCE MEASURE TO MOVE FAMILIES WITH AN EMPLOYABLE PARENT TOWARD A LASTING EXIT FROM TCA.

◆ **WE MADE SURE OUR CLIENTS ARE ABLE TO GET, RETAIN AND ADVANCE IN THEIR JOBS.**

- LOCAL DEPARTMENTS, THROUGH PARTNERSHIPS WITH THEIR CONTRACTED VENDORS, OFFERED OUR CLIENTS JOB RETENTION AND SKILL ENHANCEMENT SERVICES. STRONG PERFORMANCE IN THESE AREAS IS DEPENDENT ON ADEQUATE STAFFING AND FUNDING, AND FIA EXPENDED NEARLY \$34 MILLION IN FY 2003 ON ALL WORK PROGRAMS. THIS AMOUNT WAS A GREAT DEAL LOWER THAN FY 2002 DUE TO COST CONTAINMENT MEASURES.
- ANOTHER COST CONTAINMENT MEASURE, THE HIRING FREEZE IN PLACE FOR OVER TWO YEARS, HAS DRASTICALLY REDUCED THE NUMBERS OF



LOCAL DEPARTMENT CASEWORKERS. NEVERTHELESS, CUSTOMER SERVICE HAS NOT SUFFERED IN PROPORTION WITH STAFF VACANCIES DUE TO THE DETERMINED EFFORTS, TEAMWORK AND INNOVATIVE PRACTICES OF LOCAL DEPARTMENT MANAGEMENT AND STAFF. THEY ARE FULLY AWARE THAT THEIR INTERVENTION CAN HELP CLIENTS TO OBTAIN EMPLOYMENT, KEEP THEIR CURRENT JOBS AND/OR ACQUIRE SKILLS TO ADVANCE IN THE JOB MARKET.

◆ **FOOD AID IN RESPONSE TO HURRICANE ISABEL.** FIA WORKED WITH THE FEDERAL FOOD AND NUTRITION SERVICE TO IMPLEMENT A MODIFIED FOOD STAMP PROGRAM TO ASSIST FAMILIES WITH DAMAGE FROM HURRICANE ISABEL. WE ALSO ISSUED REPLACEMENT BENEFITS TO FOOD STAMP RECIPIENTS WHO LOST FOOD DUE TO THE WIDESPREAD POWER OUTAGES. OVERALL, WE ISSUED \$6,285,139 IN FOOD STAMP BENEFITS TO 62,009 MARYLAND FAMILIES WHO WERE AFFECTED BY THE HURRICANE.

◆ **WE RESTORED FOOD STAMP BENEFITS TO QUALIFIED IMMIGRANTS WHO HAVE LIVED IN THE U.S. FOR FIVE YEARS.** WE ALSO RESTORED FEDERAL FOOD STAMP ELIGIBILITY TO QUALIFIED IMMIGRANT CHILDREN. PRIOR TO THIS CHANGE, IMMIGRANT CHILDREN RECEIVED STATE-FUNDED FOOD STAMPS.

◆ **THE TRANSITIONAL FOOD STAMP INITIATIVE, EFFECTIVE SINCE JANUARY 1, 2003, CONTINUES TO OPERATE SMOOTHLY.** TO FACILITATE ENTRY INTO THE WORKFORCE, FAMILIES THAT LEAVE TEMPORARY CASH ASSISTANCE FOR EMPLOYMENT RECEIVE FIVE MONTHS OF FOOD STAMPS AT THE LEVEL THEY RECEIVED WHILE ON CASH ASSISTANCE.

◆ **WE CONTINUE TO TEACH HEALTHY EATING TO NEEDY HOUSEHOLDS**

**THROUGH THE FOOD STAMP NUTRITION EDUCATION PROGRAM (FSNEP).**

THROUGH OUR PARTNERSHIP WITH THE UNIVERSITY OF MARYLAND COOPERATIVE EXTENSION SERVICE, WE ARE SERVING MORE AND MORE LOW INCOME AND SPECIAL NEEDS MARYLANDERS MAKING THEM AWARE OF PROPER NUTRITION THROUGH INNOVATIVE PROGRAMS IN 15 JURISDICTIONS. ONE SUCH PROGRAM, "JUMP SMART," AN AFTER-SCHOOL PROGRAM FOR ADOLESCENT GIRLS IN BALTIMORE CITY RECEIVED COVERAGE BY *THE BALTIMORE SUN*.

THROUGH SKILLFUL LEVERAGING OF FEDERAL RESOURCES, DHR PLANS TO SPEND ONLY \$45,000 IN STATE GENERAL FUNDS FOR FSNEP, WHICH HAS A STATEWIDE BUDGET OF \$2.4 MILLION PROGRAMMED IN FY 2005.

◆ **WE HAVE MADE SIGNIFICANT STRIDES IN PROVIDING SUBSTANCE ABUSE SCREENING AND REFERRAL FOR OUR TCA AND FOOD STAMP CLIENTS.** AS MANDATED BY THE WELFARE INNOVATION ACT OF 2000, HB 1160, FIA SUCCESSFULLY IMPLEMENTED THE SUBSTANCE ABUSE TREATMENT AND SERVICES (SATS) PROGRAM.

- THIS PROGRAM REQUIRED PLACEMENT OF ADDICTIONS SPECIALISTS IN LOCAL DEPARTMENTS OF SOCIAL SERVICES (DSS) TO CONDUCT SCREENING, ASSESSMENTS, REFERRALS, AND REPORTING FOR ALL TCA ADULTS AND MINOR PARENTS, AND FOR CERTAIN FOOD STAMP APPLICANTS AND RECIPIENTS.
- SATS HAS BEEN FULLY OPERATIONAL STATEWIDE FOR THE PAST TWO YEARS, PROVIDING FACE TO FACE SERVICE TO OUR CLIENTS WITH 74 ADDICTIONS STAFF IN DSS OFFICES THROUGHOUT THE STATE.
- DURING THE PERIOD FROM JANUARY 2002 TO JUNE 2003,

- OUR ADDICTIONS SPECIALISTS SCREENED 60,599 CLIENTS.
- 5,122 OF THOSE WERE REFERRED FOR FURTHER ASSESSMENT AND/OR TESTING.
- 2,753 WERE REFERRED FOR TREATMENT
- 1,721 WERE ENROLLED IN TREATMENT, IN ADDITION TO THE 2,345 WHO WERE IN TREATMENT AT THE TIME THEY WERE SCREENED
- UNFORTUNATELY, 676 CLIENTS REFERRED FOR TREATMENT WERE PLACED ON WAITING LISTS. THE LENGTH OF TIME ON THE LIST VARIES DEPENDING ON TREATMENT MODALITY.

**WE ARE CONSTANTLY REENGINEERING OUR PROGRAMS TO MEET THE  
CHALLENGES AND OPPORTUNITIES OF TOMORROW**

**◆ WE ARE IMPROVING AND EXPANDING THE ACCOUNTABILITY**

**MECHANISMS UNDER THE FAMILY INVESTMENT PROGRAM:**

- WITH INITIATIVES SUCH AS UNIVERSAL ENGAGEMENT, THE FAMILY INVESTMENT ADMINISTRATION STRIVES TO INCREASE ACCOUNTABILITY IN ORDER TO BETTER SERVE OUR CLIENTS.
- WE REACHED OUR GOAL OF REDUCING THE STATE-CALCULATED FOOD STAMP ERROR RATE TO BELOW THE PREVIOUS YEAR'S NATIONAL AVERAGE.
- THE DOWNWARD TREND IN THE FOOD STAMP ERROR RATE CONTINUED FOR THE FOURTH CONSECUTIVE YEAR. THE PRELIMINARY STATE-CALCULATED FOOD STAMP ERROR RATE FOR FFY 2003 IS 6.89%. THIS IS WELL BELOW THE NATIONAL AVERAGE ERROR RATE FOR FFY 2002 OF 8.26%.

➤ BY CONTINUING SEVERAL ERROR REDUCTION STRATEGIES, WE ARE OPTIMISTIC THAT THE FOOD STAMP ERROR RATE WILL CONTINUE TO DECLINE.

◆ **WE CONTINUE TO PROVIDE AN ESSENTIAL LIFELINE OF SUPPORTIVE SERVICES FOR FAMILIES THAT EXIT THE WELFARE ROLLS.** AS FAMILIES TRANSITION FROM WELFARE TO WORK, THE FAMILY INVESTMENT ADMINISTRATION PROVIDES SUPPORTIVE SERVICES TO HELP FAMILIES WITH CHILD CARE, MEDICAL ASSISTANCE AND FOOD ASSISTANCE.

➤ OUR OUTREACH EFFORTS ENABLE US TO ENSURE THAT 99.9% OF THOSE WHO LEAVE WELFARE FOR WORK CONTINUE TO RECEIVE MEDICAL ASSISTANCE, FOOD STAMPS OR CHILD CARE BENEFITS.

➤ WE ALSO ENSURE THAT 98% OF ALL FAMILIES WHO LEAVE TCA FOR ANY REASON CONTINUE TO RECEIVE SUPPORTIVE SERVICES.

◆ **FEDERAL REAUTHORIZATION OF TANF HAS NOT BEEN APPROVED,** ALTHOUGH FUNDING FOR THE EXISTING PROGRAM REMAINS IN PLACE THROUGH CONTINUING RESOLUTIONS. THIS SIGNIFICANT LEGISLATION CONCERNS MARYLAND SINCE TANF BLOCK GRANT FUNDING AMOUNTED TO \$229.1 MILLION PER YEAR BETWEEN 1997 AND 2003.

➤ FOR THE SECOND YEAR IN A ROW, WHILE A REAUTHORIZATION BILL PASSED IN THE HOUSE, DISAGREEMENT IN THE SENATE BLOCKED EFFORTS TO STAGE A FLOOR VOTE, WITH THE AMOUNT OF CHILD CARE FUNDING A MAJOR POINT OF CONTENTION.

➤ IT IS LIKELY THAT, WHATEVER COMPROMISE TANF REAUTHORIZATION BILL COMES OUT OF CONGRESS, IT WILL INCLUDE THE BUSH

ADMINISTRATION'S REAUTHORIZATION PROPOSALS CALLING FOR:

- AN INCREASE IN WORK PARTICIPATION RATES,
- AN INCREASE IN WORK HOURS,
- A MORE LIMITED SCOPE OF DEFINING FEDERAL WORK ACTIVITIES,
- UNIVERSAL ENGAGEMENT, AND
- REFORM OF THE CASELOAD REDUCTION CREDIT.

➤ IT IS HIGHLY LIKELY THAT ANY EVENTUAL TANF REAUTHORIZATION BILL WILL HAVE A RENEWED EMPHASIS ON ENGAGEMENT, INCREASED WORK HOURS AND PARTICIPATION FOR OUR WELFARE CLIENTS. BOTH THE HOUSE AND SENATE PROPOSALS AGREE ON THESE ISSUES AND ON THE CONCEPT OF UNIVERSAL ENGAGEMENT.

➤ THE STAKES FOR MARYLAND ARE ENORMOUS, AS FAILURE TO MEET THE NEW FEDERAL WORK PARTICIPATION RATES AND UNIVERSAL ENGAGEMENT REQUIREMENTS COULD SUBJECT THE STATE TO A POTENTIAL LIABILITY OF OVER \$68 MILLION IN THE FIRST YEAR. CONSEQUENTLY, WE HAVE NOT SAT IDLY BY WAITING TO SEE WHAT KIND OF FINAL TANF REAUTHORIZATION BILL EMERGES OUT OF CONGRESS. INSTEAD, WE HAVE TAKEN A PROACTIVE APPROACH TO BE PREPARED FOR WHAT IS LIKELY TO LIE AHEAD. WE HAVE BEEN MAKING PLANS FOR NEW INITIATIVES THAT WILL GIVE OUR STATE A HEAD START ON THE IMPENDING AND PLAUSIBLE NEW REQUIREMENTS IN AN EVENTUAL TANF REAUTHORIZATION BILL. A COUPLE OF THESE INITIATIVES ARE ALREADY TAKING PLACE. FOR EXAMPLE, WE HAVE FORMED A WORK PARTICIPATION WORKGROUP MADE UP OF REPRESENTATIVES FROM FIA'S OFFICE OF WORK OPPORTUNITIES AND THE LOCAL DEPARTMENTS. THEIR

CHARTER IS TO EXAMINE AND IMPLEMENT NEW WAYS TO ENGAGE OUR CUSTOMERS IN WORK. ANOTHER PROGRAM THAT WE HAVE ALREADY BEGUN IS "UNIVERSAL ENGAGEMENT," WHICH MEANS THAT EACH AND EVERY CLIENT MUST BE ENGAGED IN A WORK ACTIVITY OR ANOTHER CONSTRUCTIVE ACTIVITY THAT WILL LEAD TO INDEPENDENCE AS SOON AS POSSIBLE, BUT WITHIN NO MORE THAN THIRTY DAYS OF THEIR CASE OPENING. THROUGH OUR PROACTIVE APPROACH TO PREPARING FOR TANF REAUTHORIZATION, WE ARE STRIVING TO PLACE MARYLAND IN A POSITION TO BE READY AND PREPARED FOR TANF REAUTHORIZATION. TO THIS END, WE ARE ALSO VIGILANTLY MONITORING CONGRESSIONAL TANF REAUTHORIZATION AND CAREFULLY SCRUTINIZING ALL BILLS AND PROPOSALS.

**◆ WE WILL, WITH YOUR CONTINUED SUPPORT, HELP TO STRENGTHEN COMMUNITIES AND FAMILIES THROUGH DEDICATED SERVICE, INNOVATIVE PRACTICES AND SYSTEMATIC REENGINEERING.**

THE SUPPORT AND FLEXIBILITY YOU HAVE GIVEN US HAS GAINED NATIONAL RECOGNITION. THE BUDGET BEFORE YOU CONTAINS THE FUNDS NECESSARY TO CONTINUE TO MOVE OUR CLIENTS TO INDEPENDENCE WHILE IMPROVING OUR PERFORMANCE AND SERVICES. THANK YOU FOR YOUR CONTINUED SUPPORT.

**FAMILY INVESTMENT ADMINISTRATION**  
**MAJOR ACCOMPLISHMENTS**  
**SFY 2005 Budget Materials**

- Since the advent of welfare reform in January 1995 to January 2004, Maryland's welfare Temporary Cash Assistance (TCA) caseload went down by 158,256, from 227,887 to 69,631 individuals, a 69.4% decline.
  - The State's welfare caseload, which exhibited rapid declines in the early years of welfare reform, has more recently experienced month to month fluctuations but still continues an overall slight downward trend.
  - Although the Maryland caseload is no longer rapidly declining, we are bucking the nationwide trend of caseload increase. Nationally, the TCA caseload rate of decline has steadily slowed and actually grew by 0.3% from June 2002 to June 2003.
  - During this same period, 31 states reported increases while only 17 had decreases. Maryland was one of the fortunate states that were out in front with a decrease of -1.4%. This percentage decrease ranked our State in 14<sup>th</sup> position nationally.
  - We continue to closely monitor caseload trends and inaugurate programs, such as "Universal Engagement," which promote leaving welfare for work and will continue our State's caseload decline.
- In FFY 2003, placed approximately 7,000 TCA individuals in jobs at an average hourly wage of \$7.78.
- In FFY 2003, engaged 27,455 TCA recipients in more than 35,674 work activities, of which:
  - 25% were in subsidized or unsubsidized jobs
  - 45% were in job search/job readiness activities
  - 12% were in vocational education activities
  - 5% were in secondary education.
  - 5% were in work experience/community service
- The Department received notification from the US Department of Health and Human Services (HHS) that we met the Work Participation Requirement for the TANF program in FFY 2002. According to information from HHS, when combining our Caseload Reduction Credit of 43.8% and our achieved work participation rate of 8.3%, we surpassed the 50% participation rate requirement during FFY 2002.
- In FFY 2002, over 74% of our customers who obtained jobs were able to retain employment for at least 90 days and 58% were still employed in the second quarter after becoming

employed. Those who remained employed for at least six months experienced an earnings gain over that time of 44%.

- As families transition from welfare to work, the Family Investment Administration provides supportive services to help families with childcare, medical assistance and food assistance.
  - Our outreach efforts enable us to ensure that 100% of those who leave welfare for work continue to receive Medical Assistance, Food Stamps or Purchase of Care benefits.
  - We also ensure that over 97.6% of all families who leave TCA for any reason continue to receive supportive services.
- Federal reauthorization of the Temporary Assistance to Needy Families (TANF) program is still pending in Congress and has been extended through a series of continuing resolutions, now through March 31, 2004. The Department has been closely following the TANF Reauthorization debate and we have carefully scrutinized all of the congressional proposals and bills. There is a good deal of agreement on many issues and in all likelihood a final TANF Reauthorization Bill will bring about a rekindling of the public policy emphasis on engaging welfare clients in work and other self-sufficiency activities.
  - Consequently, the Department is preparing to make adjustments to the State's welfare plan, and we have begun to form committees and workgroups similar to the way it was done for the first welfare reform bill in 1996.
  - We have also taken a proactive approach to implement some measures now that will likely be required later by TANF Reauthorization. For example, the Family Investment Administration has begun to implement "Universal Engagement" in order to prepare Maryland for the impending increase in the work participation rates. We have also formed a Work Participation Rate Advisory Committee to start laying the foundation for implementing more direct work hours and tracking work activities.
- The Food Stamp program was reengineered at the federal level in 2002 with the passage and signing to law of "The 2002 Farm Bill." Within this sweeping agricultural bill were marked changes to food stamp policies, and the Department was faced with quickly getting regulations approved, workers trained, and new rules monitored for compliance. By January 2003 the Family Investment Administration had completed implementation of several new federal mandates, yet faced a second round of changes.
  - The 2002 Farm Bill restored benefits to many legal immigrants. Effective April 1, 2003, we restored food stamp eligibility to qualified immigrants who are otherwise eligible and who have lived in the U.S. for five years as a qualified alien. Effective October 1, 2003 we restored eligibility to qualified immigrants who are otherwise eligible and who are under 18 regardless of date of entry. Prior to this change, immigrant children received State-funded food stamps. The State-funded Food Stamp Program ended effective October 1, 2003.
  - We implemented a Transitional Food Stamp initiative. Families receive five months of transitional food stamp benefits when they leave welfare. Benefits are frozen at the



amount the family received the month prior to the termination of TCA adjusted for the loss of TCA. The benefit is usually higher than the family would normally have received under the regular program.

- Maryland chose a Farm Bill option to reduce reporting requirements for Food Stamps by extending simplified reporting of changes for most families effective April 1, 2003. Families in this group only have to report when their total income exceeds the Food Stamp gross income limits (130 percent of the federal poverty level).
- The Department worked with the Maryland Retailers' Association to expand food stamp issuance. In the past, Maryland issued food stamp regular month benefits over a five-day period; however, the large volume of food stamps issued during this short period created difficulties for retailers as well as customers waiting in long lines. To be more responsive to community needs, in November 2003 we doubled the days for issuing food stamps from five to ten.
- We have redoubled our Food Stamp outreach and access efforts through a variety of program awareness initiatives that facilitate matching this program with the needs of all Marylanders that could benefit from it. For example, we distributed Food Stamp program literature to schools, county and state fairs, and local community and faith-based organizations. In addition, we have collaborated with the welfare advocate community to increase program awareness and also distribute literature to food pantries, soup kitchens, and shelters. We have also met with representatives from the Maryland Retailers' Association to discuss how we can work together to increase access to the Food Stamp Program as well as reduce fraud and abuse. Finally, we have used internet technology to enable web access for food stamp application processing, change reporting, and nutrition education information.
- The Department has worked closely with our partners at the Maryland Cooperative Extension Service to expand Maryland's Food Stamp Nutrition Education Program (FSNEP) and to include a new emphasis on outreach. In only four years, FSNEP has grown from just 7 local projects to 63 statewide and now serves a wide range of Marylanders from grade school children to the elderly. The budget has grown from \$496,000 per year to \$2.4 million, which is almost completely leveraged with federal funds and in-kind match (State General Funds makeup only \$45,000). The USDA's Food and Nutrition Service has praised Maryland FSNEP Program as a model for the Mid-Atlantic Region and we have been asked to help Delaware with their state's program.
- Staff members from the Family Investment Administration assisted some of the local departments issue relief benefits after Hurricane Isabel swept through Maryland. In addition, several staff members volunteered to augment the Federal Emergency Management Agency's and Maryland Emergency Management Agency's disaster relief efforts.
- The Family Investment Administration worked with the federal Food and Nutrition Service to implement the modified Food Stamp Program to assist families with damage from Hurricane Isabel. We also issued replacement benefits to food stamp recipients who lost

food due to the widespread power outages. Overall, we issued \$6,285,139 in food stamp benefits to 62,009 Maryland families who were affected by the hurricane.

- We have continued our efforts to reduce Maryland's food stamp error rate, and we have progressed from 8.8% in FFY 2002 to 6.89% for FFY 2003. Our key food stamp error reduction strategies should continue to facilitate error reduction. These include:
  - Implemented Food Stamp Change Reporting Centers in Baltimore City and Baltimore County making it easier for food stamp customers to report changes in their household circumstances thus improving the efficiency of local department processing of eligibility determinations.
  - A Food Stamp Program Computer Based Training module, including 125 dedicated personal computers, was installed throughout the state. This system enables staff in the local departments the opportunity to test and increase their knowledge of food stamp policy.
  - Payment Accuracy meetings held with metro local departments, Comprehensive Program Reviews, Food Stamp Management Evaluations, and the local departments' corrective action plans.

# Maryland Department of Human Resources

## Family Investment Administration



- Quality Control
- Local Payment Accuracy Support
- State Review Team
- Medical Assistance Operations
- Office Automation
- Administration
- Personnel

- Research & Legislation
- Program Reporting & Analysis
- Policy & Training
- Systems Development & Management
- Systems Support
- Work Program Systems

- Local Support
- Planning & Development
- Marketing
- Contract Monitoring